

**MILFORD BUDGET ADVISORY COMMITTEE  
MINUTES FROM MEETING WITH BOS (06/14/04)**

Present at Meeting:

Therese Oriani-Muller (Chair)

Members: Gil Archambault, Donald Caisse, Dee Dee Carter, Bill Fitzpatrick, Michael Roske, Joe Stella

BOS MEMBERS PRESENT AT MEETING:

Cynthia Herman, Noreen O'Connell, Gary Daniels, Len Mannino, Larry Pickett

OTHERS PRESENT AT MEETING:

Katie Chambers (Town Administrator), Rose Evans (Town Finance Director)

GENERAL DISCUSSION:

The meaning of the "default" budget was discussed at length with no definitive conclusions reached. There are effectively 3 viewpoints of the meaning of "default"  
A computed bottom-line default budgetary number with no thought or planning required, or

The minimum budget required for the town to meet basic needs, or

The budget required for the town to provide the same level of service as in the previous year.

The default budget as currently structured in Milford does not include cost-of-living increases or estimated expense increases due to rising costs of gasoline or other inflationary costs. In the event the default budget is adopted, these costs must be paid by reductions in lower-priority services.

The concept of a "replacement program" was brought up as it applies to the default budget. Using police cruisers as an example, the question was raised as to whether budgeting for the replacement of 1-2 cruisers each year was done out of habit or out of need. It was suggested that the BOS consider having the department heads identify expenses in their budget that are anticipated to be recurring costs for the ongoing replacement of assets under a given cost level. This would include computers, lawnmowers, and lower-cost vehicles. Replacement of more costly assets must be done through the existing capital improvement planning process. New positions that are created in one year and not staffed by the end of the year were another topic of discussion. If the position is not filled in the year established, there is a perception that the position was not really necessary, and therefore should not be contained in the default budget. It could still be proposed in the operating budget or a warrant article. The alternative viewpoint is that the position is still necessary and the town is working with a short staff, and therefore the position should still be funded as part of the "same as last year" clause defining the default budget.

The BOS will be responsible for determining a target cost increase for the 2005 budget. The BAC does not have the experience or insight at this time to suggest a reasonable number. It was noted that this target cost increase should not be applied as a definitive value for each department, but should rather be allocated by the Town Administrator as needed to service the budgetary needs of each department. Providing a target cost ahead of time is expected to reduce rework required of department heads when their plans are rejected out-of-hand for unreasonable cost increases.

The BOS and the BAC should make every possible effort to meet jointly with department heads when the departments present their budgetary needs for 2005. This will allow both groups to hear the same information at the same time and again help to reduce communication problems.

There was some overall discussion about the 2.94% default budget increase reflected on the first draft of the default budget. This is currently expected to be higher due to increased default budget amounts for MACC Base (see below). However, it was also noted that without the \$295,026 increase due to debt service on the new Police station, the total increase from the 2004 budget to the discussed 2005 default was only \$1814, or 0.018%. This should definitely be highlighted when the 2005 default budget is presented to the voters.

#### SPECIFIC DEFAULT BUDGET LINE ITEMS DISCUSSED:

**Munis Software Support:** The town purchased the Munis Building & Permits software module in the 2004 operating budget, but does not plan to install or use the module until 2005. Therefore, the costs for installation support and training are included in the proposed 2005 default budget. Excluding these costs will require this installation and training to be requested either as a warrant article or part of the proposed 2005 Operating Budget. Not performing this activity means that the module cannot be used in 2005 and may not be functional in 2006 due to the lack of software support.

**General Computer/Software Support:** Computer Support for the Town Clerk and Information Systems departments is estimated to increase at the maximum percentage allowed by contract. By January, the actual figures for these increases will be available, and the proposed default budget will be adjusted accordingly.

**Cruiser Replacement:** Habitually, the town has replaced 1 Police Cruiser in odd years, and 2 in even years. This prevents the high cost of maintenance and reduces the risk of breakdowns that can affect the level of Police service available. Replacing a cruiser as part of the default budget was questioned based on the meaning of "default" (see above). It was agreed that cruisers are part of the town's operating expenses, but there was some discussion as to whether there was an established "replacement program" or whether replacing a cruiser or two was merely a tradition.

**School Resource Officer:** The Police School Resource Officer was funded for 2004 under a grant program approved under a warrant article. In 2005, the salary and benefits for this officer must be included in the operating budget completely. Thus, a reduction is shown in the amount of Milford's grant match (\$3000) and an increase for wages (\$41,735).

**MACC Base:** The MACC Base budget listed in the proposed default is too low. Due to the withdrawal of Amherst, Milford's cost share will increase by at least \$100,000,

and this should be shown in the default budget. If more towns leave MACC Base, this cost share will increase further, perhaps as much as \$200,000 over the 2004 budget. These costs will be more fully understood after the 8/31 MACC Base decision deadline.

Stormwater Education Supplies: An EPA statutory requirement has resulted in the need for the highways & streets department to create a 5-year stormwater plan. At question was whether this new item belongs as part of the default budget. The general consensus was that since this is a statutory change, it meets the letter of the default budget definition.

Health Insurance: The town employee health insurance increases shown are estimates based on the past two years' increases. This cost increase also includes 2.5% cost sharing by the police union, and 5% cost sharing by other town workers. There is no increase expected in worker's compensation insurance, unemployment insurance, or dental insurance. It was suggested that these items be listed as line items with no change so that the BOS and BAC recognize that potential cost increases have been considered.

Debt service as described may not be completely correct. Net plus/minus is probably right, but line items may be mismarked.

Police Station Bond Payment: As noted, this bond payment is the largest single change item from the 2004 operating budget to the 2005 default budget. It represents the first payment of the 10-year Police Station Bond. The bond issue is currently in process, as noted on the default budget proposal.

#### PROCESS MOVING FORWARD:

Rose Evans will supply the BAC with a copy of the 2004 budget for reference in future discussions. This is a large document, so multiple copies or electronic copies are not practical.

The BAC will meet on 6/22 to discuss our perceptions and recommendations to the BOS for developing the default budget.

The BAC will meet with the BOS on 6/28 to continue discussions of the meaning of the default budget and make any recommendations regarding specific items or processes.

The BOS and BAC may meet jointly with department heads when initial budgets are presented so that the BAC is part of the budget development process and can participate in prioritization while plans are being made instead of just looking for cuts at the end of the process.

#### ACTION ITEMS:

1. Rose Evans to supply a copy of last year's budget to the BAC for full review of the current line items and education of new BAC members regarding the overall budget.

The BOS will be meeting on Friday 6/18 from 6am-8am to discuss the town's wage and benefits policies. This discussion is expected to continue from 5:30-7:30pm on Wednesday 6/23.

NEXT BAC MEETING 6/22/04 AT 7PM-PLACE TO BE DETERMINED